COMMONWEALTH of VIRGINIA

Department of Human Resource Management

SARA REDDING WILSON
DIRECTOR

101 N. 14TH STREET
JAMES MONROE BUILDING, 12TH FLOOR
RICHMOND, VIRGINIA 23219
(804) 225-2131
(TTY) 711

For Immediate Release, Jan. 8, 2004
Contact: Mike Salster
    (804) 225-2181 (o)
    (804) 874-4792 (cell)

State Awards Contracts for Health Insurance Programs

RICHMOND – The Virginia Department of Human Resource Management has awarded five two-year contracts effective July 1, 2004, for health insurance programs serving approximately 91,000 Commonwealth of Virginia and 28,000 local government employees. The contracts continue through June 30, 2006, with annual renewal options through 2009.

Before awarding the contracts, the agency used exacting criteria to evaluate the 18 proposals submitted and held face-to-face negotiations with seven finalists.

The criteria used for the final selections included: organization and financial stability; qualifications of staff; network service and quality; provider network, mail order pharmacy service and quality (for the prescription drug program); administrative capability; benefit cost management and administrative cost; and participation of small, women-owned and minority-owned businesses.

Contracts were awarded for:

- **Medical/surgical services – Anthem Blue Cross and Blue Shield of Richmond** will continue to serve as third-party administrator for statewide Commonwealth of Virginia state and local government medical and surgical health plans. Anthem currently administers the COVA Care statewide health plan for state employees, including medical, prescription drug, dental, vision and hearing benefits, and six statewide health plans for local employees under The Local Choice (TLC) health benefits program. Nine out of 10 Virginia physicians and 100 percent of the state's acute care hospitals participate in the Anthem network which serves the state and local programs. **Kaiser Permanente** has been awarded a contract for a fully insured regional HMO plan and will continue to provide these services to employees in the Northern Virginia area. It has 825 physicians participating in the Mid-Atlantic Permanente Medical Group in Northern Virginia, serving 29 multi-specialty medical centers.

- **Dental benefits – Delta Dental Plan of Virginia**, based in Roanoke, will administer dental benefits for the state and local programs beginning July 1. Delta Dental has an extensive network of almost 2,500 dentists in 3,300 offices throughout Virginia. Dental benefits under the statewide health plans for state and TLC employees are currently provided by Anthem.

- **Prescription drug program – Medco Health Solutions, Inc.**, of Franklin Lakes, N.J., will administer prescription drug benefits directly for the COVA Care and TLC health benefits programs starting July 1. The company managed the Commonwealth's retail pharmacy network since 1994 as part of the Anthem contract. Medco's mail order pharmacy is based in Richmond.

-more-

- **Mental illness, substance abuse and employee assistance program services – ValueOptions, Inc.**, based in Norfolk, will be the new administrator for mental illness, substance abuse and employee assistance program (EAP) services beginning July 1. ValueOptions is the nation's largest privately held behavioral health care company. Its national network includes 2,051 Virginia providers as part of 80,000 practitioner locations and 10,000 facilities and program locations. Magellan Behavioral Health of Columbia, Md., currently administers mental illness, substance abuse and EAP services for the state and local programs.

The state and local health benefits programs had total expenses of $643.5 million during the 2003 fiscal year, representing payment of claims for 194,000 state and local government employees, early retirees, family members and plan administration.

No benefit changes are planned beginning July 1, though benefits are subject to change by the 2004 General Assembly. Detailed benefits and monthly rate information will be provided to state and local employees this spring.

###